



August 29, 2003

Dear School Business Officials:

I am writing to advise you of several year-end financial issues.

Balance Sheet and E & D Certification:

The following are year-end reporting requirements pursuant to Massachusetts General Laws Chapter 71 §16½ B.

The amount of the excess and deficiency that may or must be used as part of the certification of assessments to member communities for FY2004 or FY2005 must first be certified by the Director of Accounts. In order to make this certification, the Bureau requires:

- 1.) Balance sheet (a pre-closing trial balance will not be accepted);
- 2.) Detailed fund balances;
- 3.) Statement of Indebtedness (included with this E-Mail);
- 4.) Quarterly Reconciliation of Treasurer's Cash (included with this E-Mail);
- 5.) Summary of the FY2004 budget;
- 6.) Schedule of assessments to each member city and town.

The statutory due date for submission of this information is October 31st of each year.

In lieu of a balance sheet, the Bureau of Accounts will calculate excess and deficiency from audited financial statements when received directly from the district's independent certified public accounting firm. Submission of items #3 through #6 above is still required.

DOE's 50/50 Reimbursement Program:

Funds received after June 30, 2003 for the Department of Education's (DOE) 50/50 reimbursement program may be accrued by regional school districts pursuant to the Bureau's Bulletin 2003-01B dated January 2003. Any funds that are not restricted in expenditure by the Department of Education must be closed to the General Fund.

UMAS Manual:

On July 1, 2003, the Bureau of Accounts published its updated Uniform Massachusetts Accounting System (UMAS). The Bureau will be in contact with the Massachusetts Department of Education (DOE), the Massachusetts Association of School Business Officials (MASBO) and other practitioners relative to applicability of UMAS to regional school districts for balance sheet preparation as of 6/30/04.

“On Behalf Payments”:

You will receive notification from the Massachusetts Teachers’ Retirement Board (MTRB) advising of the amount of “on behalf payments” made by that System to teachers retired from a regional school district. An “on behalf payment” is defined by accounting principles as a direct payment made by one entity (in this case the MTRB or the Commonwealth) to a third-party recipient for the employees of another legally separate entity (your district).

Governmental Accounting Standards Board Statement No. 24 (particularly paragraphs 7 to 13) prescribes inclusion of this data as a revenue and corresponding expenditure in the regional school district financial statements. Accordingly, we suggest that you furnish the information from the MTRB to your certified public accountant promptly.

Separation of Duties:

Chapter 6 of the Acts of 2002 requires the separation of duties in regional school districts between the Treasurer and the official performing the accounting function, similar to the provision applicable to cities and towns. Because this legislation took effect in April 2002, all regional school districts must now be in compliance with this section.

In addition, Chapter 6 also prescribes certain procedures relative to (1) the engagement of audits of regional school districts (RSD) by independent certified public accountants by the RSD committee, (2) receipt of such audits in public session of the RSD committee and (3) delivery of copies to officials of cities and towns which are members of the district.

We urge each district to consult with its counsel to insure conformity with this statute.

GASB 34:

As a reminder, the Governmental Accounting Standards Board Statement #34 establishes new criteria on the form and content of governmental financial statements. Regional school districts with FY1999 total revenues of between \$10 million and \$100 million are required to implement in FY2003.

Division of Local Services’ Website:

The Uniform Massachusetts Accounting System (UMAS) manual, the GASB 34 implementation manual as well as all Informational Guideline Releases and Bulletins issued by the Division of Local Services can only be found on our website at www.mass.gov/dls. If you currently do not have a subscription to receive this information, please log on and subscribe online.

Very truly yours,

James R. Johnson
Director of Accounts